



ENERGY ASSURANCE DAILY

Monday, March 05, 2007

Electricity

Update: Scattered Outages Remain in Eastern North America After March 1-2 Storms

Power has been to most of the estimated 344,000 customers in eastern North America affected by a massive storm system March 1-2. As of Monday morning only scattered outages remained, according to local media reports and company websites. At noon on Friday, about 157,000 customers were without power due to the storms in Michigan, Ontario, New York, Wisconsin and Iowa, and 44,000 customers were reported without power in Georgia, Alabama, North Carolina and South Carolina.

<http://www.cbc.ca/canada/toronto/story/2007/03/05/outages-ontario.html>

http://www.michiganstumb.com/site/news.cfm?newsid=18039446&BRD=2292&PAG=461&dept_id=571474&rft=6

<http://www.nyjournalnews.com/apps/pbcs.dll/article?AID=/20070305/UPDATE/703050393>

Update: Power Outages Down to 3,150 Customers in Iowa March 4

According to the Des Moines Register, 3,150 customers remained without power in Iowa on Sunday. Most of these customers have been without power for more than one week and are located in rural areas that are difficult for utility crews to reach. A brutal ice storm in late February cut power to an estimated 350,000 customers statewide. A second storm late last week added more outages and slowed the pace of restoration.

<http://desmoinesregister.com/apps/pbcs.dll/article?AID=/20070305/NEWS/703050331/-1/SPORTS09>

Montgomery Energy Partners Plans Expansion, Construction on Mothballed Plant in Montana

Montgomery Energy Partners, the new owner of the mothballed Great Falls Energy Center in Montana, plans to modify the original design of the power plant and expand capacity from 260 MW to 550 MW. The plant modifications include installing integrated combined-cycle technology that will use a coal-based synfuel and natural gas. Pending approval of the modified plans, work could begin in the spring, later this year.

<http://www.greatfalls Tribune.com/apps/pbcs.dll/article?AID=200703030303>

NRC Sees Improved Performance at FirstEnergy's Perry Nuke Unit in Ohio

The Nuclear Regulatory Commission (NRC) has allowed FirstEnergy to return to a status of routine oversight from the Commission. The NRC found that the safety equipment issues raised by the Commission in 2004 have been addressed in a satisfactory manner. The unit had been operating under the highest level of oversight short of an ordered shutdown since the safety equipment issue surfaced.

<http://www.platts.com/Nuclear/News/7136301.xml?p=Nuclear/News&sub=Nuclear>

EPCOR's 450 MW Genesee Coal-fired Unit 3 in Alberta Shut March 3

Reuters, 09:52 March 5, 2007

Petroleum

Update: Gasoline Supplies Moving from Europe to Relieve Shortage in Eastern Canada

Ships carrying gasoline are bound from New York and Europe to deliver much needed supplies to help alleviate the shortages that developed in eastern Canada as the result of weather, refinery problems and a strike against Canada's largest railroad.

<http://www.platts.com/Oil/News/6360898.xml?p=Oil/News&sub=Oil>

Refinery Snags, Delayed Restarts Affecting Petroleum Product Supply, Prices - Traders

According to traders interviewed by Reuters, a number of refinery operating problems and delayed restarts are affecting U.S. petroleum products supply and pushing up prices in the United States. In the Gulf Coast, the estimated restart of Valero's 170,000 b/d Sunray, Texas refinery is expected to begin in early April and run at 85,000 b/d initially as repairs from a fire are completed. Valero's 220,000 b/d Texas City refinery, which is also repairing fire damage, is expected to reach normal levels this week after running at reduced rates since January 28. In addition, the restart of Shell Oil's 334,000 b/d Deer Park, Texas refinery has been pushed back to early this week after a major overhaul. The refinery was expected back up by the end of February. In the Northeast, refineries are also returning from turnarounds at slower than expected pace. The 24,000 b/d reformer restart at Sunoco's 179,000 b/d Marcus Hook, Pennsylvania refinery has been delayed. Traders also said that a turnaround at the Girard Point section of the Sunoco's Philadelphia refinery is still underway. The work is being performed on the 75,000 b/d gasoline-making fluid catalytic cracking unit.

Reuters, 12:23 March 5, 2007

Bloomberg News, 18:08 March 2, 2007

Two SRUs Restart at Alon USA's 75,000 b/d Big Spring Refinery in Texas March 4

The company restarted two sulfur recovery units (SRUs) after a malfunction forced them to both to shut. The problem lasted for about 3 ½ hours.

Reuters, 17:53 March 5, 2007

Bloomberg News, 11:41 March 5, 2007

SRU Shuts at Valero's 130,000 b/d Houston Refinery in Texas March 1

According to a filing with Texas regulators, the sulfur recovery unit (SRU) shut down Thursday night after a communication failure with another system at the refinery. Valero said the incident had no material impact on production. The same unit shut down unexpectedly on Tuesday.

Reuters, 18:01 March 4, 2007

Flaring Reported at Lyondell's 270,200 b/d Houston Refinery in Texas March 4

According to a filing with Texas regulators, a malfunction with process safety valves associated with a splitter tower and debutanizer led to flaring at the refinery. The incident occurred during start up from planned maintenance.

Bloomberg News, 12:07 March 5, 2007

OPIS Price Watch Alert, 07:01 March 5, 2007

Flexicoker Malfunctions at ExxonMobil's 563,000 b/d Baytown Refinery in Texas Over Weekend

According to a filing with Texas regulators, ExxonMobil successfully stabilized a flexicoker over the weekend after an equipment malfunction. Initial indications of a problem were seen Thursday night. The incident ended Saturday morning.

Reuters, 17:39 March 4, 2007

RTO Shuts at Valero's 250,000 b/d Port Arthur Refinery in Texas March 4

According to a filing with Texas regulators, the regenerative thermal oxidizer shut for about 12 hours on March 4. Valero said there was no material impact to production from the shutdown of the unit, which is used to control pollution.

Reuters, 11:19 March 5, 2007

Power Failure Shuts Shell's 100,000 b/d Wilmington Refinery in California March 4

A power failure caused the Shell's entire Wilmington, California refinery to shut down on Sunday. On Monday morning, Shell was working to return operations to normal. The cause of the power outage is still under investigation. According to an ExxonMobil spokeswoman, a power outage Exxon's nearby Torrance Refinery was probably not related.

Bloomberg News, 13:04 March 5, 2007

Power Interrupted at ExxonMobil's 155,000 b/d Torrance Refinery in California March 4

A power interruption Sunday night caused flaring for two hours at the refinery. According to a company spokeswoman, when operations stabilized the refinery returned to planned rates. The source of the power interruption was a local substation. According to the spokeswoman, a power outage at Shell's refinery in Wilmington, California was probably not related.

Bloomberg News, 10:26 March 5, 2007

Power Failure Hits Valero's Los Angeles Refinery in California March 4

The refinery experienced a plant-wide power outage March 4. Valero said that it quickly restored refinery operations after the incident. It is unclear whether the Valero power outage is related to either power failures at Shell's Wilmington refinery or ExxonMobil's Torrance refinery.

Reuters, 13:34 March 5, 2007

Availability of Ethanol, European Gasoline Imports in 'Good Shape' – EIA

According to U.S. Energy Information Administration (EIA) director Guy Caruso, the availability of ethanol for blending into gasoline has improved over the past year, and the amount of gasoline that can be imported into the United States from Europe is also "reasonably good." Last summer a tight ethanol supply led to high pump prices in some U.S. gasoline markets that phased out the use of MTBE.

Reuters, 13:15 March 5, 2007

Update: Venezuela Will Take Control of Orinoco Oil Projects if Deals Not Reached in Four Months – Oil Minister

Venezuelan oil minister Rafael Ramirez has warned that the government will take control of foreign-run heavy oil upgrading projects in the Orinoco Belt if agreements are not reached with foreign investors within four months. Last week, President Hugo Chavez decreed that foreign companies operating the four Orinoco oil projects must transfer the majority stake in their projects to PdVSA, the state-run oil company. The four projects have the capacity to produce 600,000 b/d. Ramirez also said the government plans to compensate the affected foreign companies in oil, rather than cash. Also on Monday, ExxonMobil announced that it has agreed to transfer operatorship of its Cerro Negro heavy oil project to PdVSA by the May 1 deadline in compliance with Chavez's decree. Total said that it has held talks with Ramirez over another Orinoco project.

Reuters, 11:27 March 5, 2007

Reuters, 11:37 March 5, 2007

Reuters, 12:02 March 5, 2007

Reuters, 13:35 March 5, 2007

Senate Panel to Study Impact of SPR Expansion on Market Conditions

The U.S. Senate Energy and Natural Resources Committee will examine the need for the expansion of the Strategic Petroleum Reserve as proposed by President Bush, as well as the potential impact of an expansion on markets and prices. Under the proposed expansion, the size of the SPR would double to 1.5 billion bbls.

Oil Daily, March 5, 2007

Natural Gas

Update: Coast Guard Approves Site for Bradwood LNG Terminal on Columbia River in Oregon March 1

On March 1, the U.S. Coast Guard approved the Bradwood Landing site as suitable for construction of a proposed liquefied natural gas (LNG) import terminal. The Federal Energy Regulatory Commission is in the process of reviewing the project. Although Northern Star Natural Gas, the developer of the project, aims to begin construction in the fall of this year, there is considerable local opposition to the project.

<http://www.theworldlink.com/articles/2007/03/03/news/news08030307.txt>

FERC Okays Environmental Assessment for Questar's Southern System Expansion II

On Friday, March 2, the Federal Energy Regulatory Commission approved an expansion of Questar's Southern natural gas pipeline system. The expansion is designed to increase flows of natural gas from the Rocky Mountains to feed the Kern-River pipeline system.

NGI's Daily Gas Price Index March 05, 2007 <http://intelligencepress.com/>

LNG at Competitive with Gas from Conventional Sources by 2009 – Study

A study by Pickering Energy Partners concludes that liquefied natural gas (LNG) will be comparable in price to domestically produced conventional natural gas in the United States by 2009.

NGI's Daily Gas Price Index March 02, 2007 <http://intelligencepress.com/>

Other News

U.S. Corn Output Jump Could Cause Storage Crunch – Analysts

According to analysts, there could be a storage crunch for corn supplies as U.S. farmers expect to plant 11 percent more corn in 2007 to help meet a growing demand for ethanol. Analysts predict that a storage problem will arise because corn typically yields more than three times as much grain per acre as soybeans, and many of the new acres devoted to corn production will come at the expense of soybean plantings. The average U.S. corn yield in 2006 was 149 bushels per acre, compared to 43 bushels for soybeans. Producers have been buying new grain storage bins, and bin builders are anticipating strong business as long as the corn boom continues. One bin producer said told Reuters that there are not enough companies building bins to meet demand.

Reuters, 15:47 March 3, 2007

Energy Prices

U.S. Oil and Gas Prices March 5, 2007			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	60.25	61.41	63.61
NATURAL GAS Henry Hub \$/Million Btu	7.36	7.73	6.59

Source: Reuters

Energy Notes

U.S. EPA Proposes Stricter Diesel Emission Standards for Trains and Ships

<http://www.platts.com/Oil/News/6360897.xml?p=Oil/News&sub=Oil>

AEP CEO Tells Coal Conference That Coal and Nuclear are Only Viable Fuels for Electricity Generation in United States

<http://www.platts.com/Coal/News/6360899.xml?p=Coal/News&sub=Coal>

Number of Active Rigs Drilling for Natural Gas in Wyoming Falls Sharply from 2006

http://pro.energycentral.com/professional/news/gas/news_article.cfm?id=7920618

Al Qaeda Claims Credit for Weekend Attacks on 7 Policemen, 4 Russian Gas Pipeline Workers in Algeria

Reuters, 12:22 March 5, 2007

Links

This Week in Petroleum from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 10:30 AM & 1:00 PM EST every Wednesday.

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<http://www.oe.netl.doe.gov/index.aspx>.

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